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August 9, 2011

Via Overnight Delivery

Jocelyn Boyd  
Executive Director  
South Carolina Public Service Commission  
101 Executive Center Drive  
Suite 100  
Columbia, SC 29210

RECEIVED  
2011 AUG 10 11:19:22  
SC PUBLIC SERVICE  
COMMISSION

Re: *Informational Filing to Notify the Commission of a Pro Forma Change in Ownership Involving XO Communications Services, Inc. and Nextlink Wireless, Inc.*

Dear Ms. Boyd:

XO Communications Services, Inc. ("XOCS") and Nextlink Wireless, Inc. ("Nextlink"; together with XOCS, the "XO Subsidiaries"), by their counsel, respectfully notify the South Carolina Public Service Commission ("Commission") of certain transactions that, once consummated, will result in a *pro forma* change to the ownership of the XO Subsidiaries. As discussed below, the stock of these operating companies will remain wholly owned by an intermediary holding company, XO Holdings, Inc. ("Holdings"), and will not be affected by these transactions. Moreover, ultimate *de facto* control of the XO Subsidiaries will remain unaltered. Following the transactions, Carl C. Icahn will continue to hold ultimate majority ownership and control of the XO Subsidiaries as he does today.

Similarly, following consummation of the transactions, the XO Subsidiaries will continue to offer the same services at the same rates, terms and conditions as previously, pursuant to their existing authorizations and tariffs. Accordingly, these transactions will be entirely transparent to the XO Subsidiaries' customers. Because there will be no change whatsoever in the ultimate control of the XO Subsidiaries and the transactions will have no impact on their customers, it is the understanding of the XO Subsidiaries that prior approval of

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the Commission is not required and that notice of the transactions is sufficient.<sup>1</sup> The XO Subsidiaries submit this informational letter as an update for the Commission's files.

### **The XO Subsidiaries**

*XOCS.* XOCS is authorized by the Commission to provide competitive intrastate telecommunications services in South Carolina.<sup>2</sup> XOCS is a Delaware corporation and a direct, wholly-owned subsidiary of XO Communications, LLC ("XO LLC"), which in turn is a direct, wholly-owned subsidiary of Holdings, a publicly traded Delaware corporation. XO LLC, a Delaware limited liability company, is a leading national provider of local and long distance telecommunications services to businesses, large enterprises and telecommunications carriers. XO LLC is authorized by the Federal Communications Commission to provide interstate and international telecommunications services. Through its subsidiaries -- primarily XOCS<sup>3</sup> -- XO LLC is authorized to provide intrastate interexchange services in 49 states and to provide competitive local exchange services in 48 states as well as the District of Columbia.

As noted above, XO LLC is a wholly-owned subsidiary of Holdings, a publicly traded Delaware holding company. At present, five entities -- ACF Industries Holding Corp., Arnos Corp., Arnos Sub. Corp., Highcrest Investors Corp. and Barberry Corporation (together, with their successors and assigns, the "Parent Group") -- collectively hold 91.76% of the voting interests in Holdings. The Parent Group is controlled by Carl C. Icahn, a U.S. citizen.

*Nextlink.* Nextlink is a Delaware corporation and a direct, wholly-owned subsidiary of Holdings. In South Carolina Nextlink has been authorized as a competitive carrier to provide local and interexchange services.<sup>4</sup> Nextlink offers broadband wireless access services, managed network services, and wireless access solutions for mobile and wireline voice, data, and video applications to wireless and wireline communications carriers, businesses, and government agencies in the U.S. Nextlink is authorized to provide intrastate services in 26 states as well as the District of Columbia.

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<sup>1</sup> In the event that the Commission determines that prior approval of these transactions is required, the XO Subsidiaries respectfully request that the Commission accept and treat this notice as the required application.

<sup>2</sup> XOCS was authorized to provide local and interexchange services in docket 2004-214-C/2004-532 on October 26, 2004.

<sup>3</sup> XOCS does not operate in Nevada and Virginia, where XO LLC provides service through two additional subsidiaries: XO Telecommunications of Nevada, LLC and XO Virginia, LLC respectively.

<sup>4</sup> Nextlink was authorized to provide these services in docket 2006-70-C on May 17, 2006.

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XOCS, XO LLC, Holdings and Nextlink are located at 13865 Sunrise Valley Drive, Herndon, Virginia 20171, (703) 547-2000. The address of Carl C. Icahn is 767 Fifth Avenue, 47th Floor, New York, New York 10153. The principal business address of the Parent Group entities (ACF Industries Holding Corp., Arnos Corp., Arnos Sub. Corp., Highcrest Investors Corp. and Barberry Corporation) is c/o White Plains Plaza, 445 Hamilton Avenue, Suite 1210, White Plains, New York 10601. Organizational charts for the XO Subsidiaries, identifying their current and anticipated post-transaction ownership structure, are provided as *EXHIBIT A*.<sup>5</sup>

### **The Transaction**

On July 11, 2011, Holdings entered into an Agreement and Plan of Merger ("Agreement") with the Parent Group and XO Merger Corp., a Delaware corporation and a wholly-owned subsidiary of the Parent Group ("Merger Sub"). The Agreement provides that, at closing, Merger Sub will merge into Holdings and Holdings will be the surviving entity. All of the common stock in Holdings other than the common stock held by the Parent Group will be cancelled and automatically converted into a right to receive cash and other consideration. Post-merger, Holdings will be a privately-held company, expected to be wholly-owned directly by the Parent Group and indirectly by Carl C. Icahn.

### **Public Interest Considerations**

The proposed reorganization will serve the public interest, as it will enhance the strategic and financial flexibility of the XO Subsidiaries. Following the transaction, Holdings will enjoy the advantages both of its newly consolidated ownership and of the commercial flexibility available to privately-held companies. These advantages will inure to the benefit of the XO Subsidiaries and their customers.

At the same time, the proposed transaction holds no adverse consequences for consumers. In short, the entire transaction will be transparent to the XO Subsidiaries' customers. There will be no change to the operating entities which directly serve the XO Subsidiaries' customers. The XO Subsidiaries will remain intact, as wholly-owned subsidiaries of Holdings, and will continue to be under the ultimate control of Carl C. Icahn. There will be no change to


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<sup>5</sup> As described in Holdings' July 11, 2011 SEC 8-K filing, it is expected that following the transaction, Holdings will be wholly owned by Parent Group. Moreover, it is anticipated that each individual Parent Group entity will hold the same proportion of Parent Groups' total ownership interests as it currently holds. Should there be any material revisions to the final allocation of Holdings' ownership interests among Parent Group entities, the XO Subsidiaries will notify the Commission for its records.

KELLEY DRYE & WARREN LLP

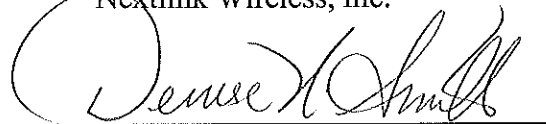
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the services provided to customers nor to the terms and conditions under which these services are delivered. There will be no change to the management of the XO Subsidiaries and no change to their operational and financial qualifications, as a result of consummation of the proposed transaction.

As explained above, the XO Subsidiaries are submitting this letter for the Commission's information only and request that it be retained in the appropriate file. Enclosed with this original, please find fifteen (15) copies and a duplicate of this letter. Please date-stamp the duplicate and return it in the envelope provided. Should the Commission have any questions or believe that any further information is required, please contact Denise Smith at (202) 342-8614. 

Respectfully submitted,

XO Communications Services, Inc. and  
Nextlink Wireless, Inc.



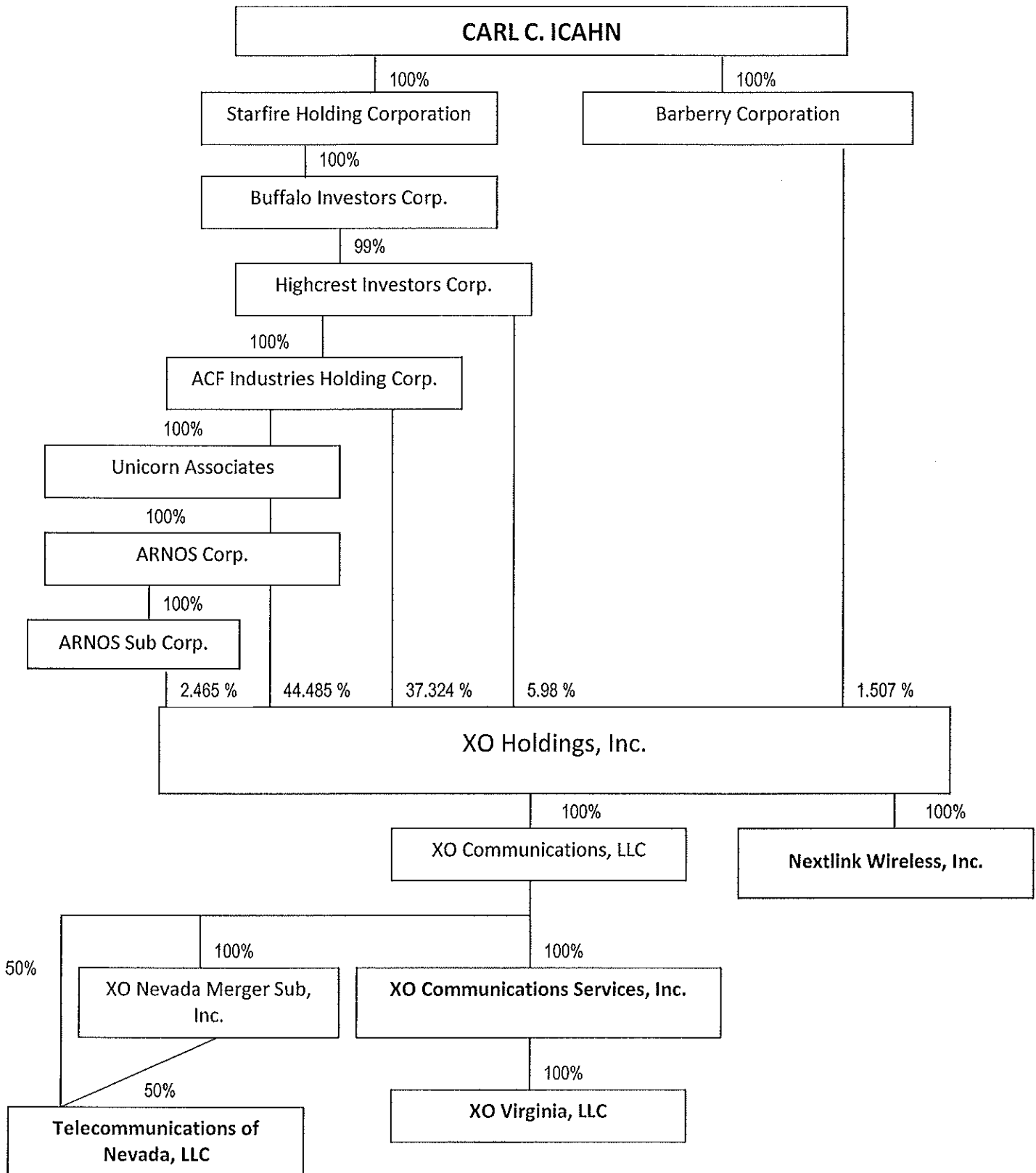
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Their Counsel

## EXHIBIT A

### Organizational Charts for XO Companies

# Ownership of XO Subsidiaries (Pre-Close)



# Ownership of XO Subsidiaries (Post-Close)

